

# ASSEMBLY, No. 5284

## STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED JANUARY 27, 2021

**Sponsored by:**

**Assemblyman RONALD S. DANCER**

**District 12 (Burlington, Middlesex, Monmouth and Ocean)**

**SYNOPSIS**

Requires NJEDA to establish “Value-added Agriculture Loan Program” to assist farmers in developing value-added products.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT establishing a “Value-added Agriculture Loan Program,”  
2 and supplementing P.L.1974, c.80 (C.34:1B-1 et seq.).  
3

4 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
5 *of New Jersey:*  
6

7 1. As used in P.L. , c. (C. ) (pending before the  
8 Legislature as this bill):

9 “Authority” means the New Jersey Economic Development  
10 Authority established pursuant to section 4 of  
11 P.L.1974, c.80 (C.34:1B-4).

12 “Department” means the Department of Agriculture.

13 “Farming” means the cultivation of land for the production of  
14 agricultural crops, the raising of poultry, the production of eggs, the  
15 production of milk, the production of fruit or other horticultural  
16 crops, grazing, the production of livestock, aquaculture,  
17 hydroponics, the production of forest products, or other activities  
18 designated by the department pursuant to rules and regulations.

19 “Value-added product” means a change in the physical state or  
20 form of the food or other agricultural product; the production of  
21 food or other agricultural product in a manner that enhances its  
22 value; or the physical segregation of an agricultural commodity,  
23 food, or other agricultural product in a manner that results in the  
24 enhancement of the value of that commodity, food, or agricultural  
25 product.  
26

27 2. a. The New Jersey Economic Development Authority, in  
28 consultation with the Department of Agriculture, shall develop and  
29 administer a value-added agricultural product loan program, to be  
30 called the “Value-added Agriculture Loan Program,” to help  
31 farmers, cooperatives, and farmer-owned corporations or  
32 partnerships enter into activities related to the processing or  
33 marketing of value-added products. Each loan shall be in an amount  
34 between \$5,000 and \$10,000. The goal of the program is to generate  
35 new products, create and expand marketing opportunities, and  
36 increase producer income.

37 b. (1) A farmer seeking a loan pursuant to this section shall  
38 apply to the authority, in a form and manner as determined by the  
39 authority, and shall include such information as the authority  
40 determines is necessary in consideration of the provisions of  
41 P.L. , c. (C. ) (pending before the Legislature as this bill).

42 (2) In order to receive a loan from the authority pursuant to  
43 P.L. , c. (C. ) (pending before the Legislature as this bill),  
44 the farmer shall meet the following requirements:

45 (a) the farmer shall be a resident of the State;

46 (b) the farmer shall use the loan for a farm located within the  
47 state of New Jersey;

1 (c) the farmer shall use the loan for planning activities or for  
2 working capital expenses related to producing and marketing a  
3 value-added agricultural product. "Planning activities" shall  
4 include, but not be limited to: conducting feasibility studies and  
5 developing business plans for processing and marketing the  
6 proposed value-added product. "Working capital expenses" shall  
7 include, but not be limited to: processing costs, marketing and  
8 advertising expenses, and some inventory and salary expenses;

9 (d) the farmer shall materially and substantially participate in  
10 farming; and

11 (e) any other criteria established by the authority in rules and  
12 regulations adopted pursuant to section 3 of P.L. , c. (C. )  
13 (pending before the Legislature as this bill) .

14 (3) The authority shall review completed applications and  
15 approve applications that meet the requirements of this section and  
16 the rules and regulations adopted pursuant to section 3 of  
17 P.L. , c. (C. ) (pending before the Legislature as this bill).

18 c. A loan to a farmer under this section shall be made pursuant  
19 to a loan agreement with the authority, shall bear interest at rates  
20 and terms deemed appropriate by the authority, and shall contain  
21 other terms and conditions considered appropriate by the authority  
22 that are consistent with the purposes of  
23 P.L. , c. (C. ) (pending before the Legislature as this bill)  
24 and with the rules and regulations adopted by the authority pursuant  
25 to section 3 of P.L. , c. (C. ) (pending before the  
26 Legislature as this bill).

27 d. The authority may, in its discretion, require a farmer that  
28 receives a loan pursuant to P.L. , c. (C. ) (pending before  
29 the Legislature as this bill) to submit an audited financial statement  
30 to the authority in order to ensure the farmer's continued viability.

31 e. The authority may, either through the adoption of rules and  
32 regulations, or through the terms of the loan agreement made  
33 pursuant to subsection c. of this section, establish terms governing  
34 the incidence of default by a farmer that receives a loan under the  
35 program administered pursuant to P.L. , c. (C. )  
36 (pending before the Legislature as this bill).

37 f. The authority may participate in, and cooperate with,  
38 programs of the Consolidated Farm Service Agency in the United  
39 States Department of Agriculture, Federal Land Bank, or any other  
40 agency or instrumentality of the federal government, or with any  
41 program of any other State agency in the administration of the loan  
42 program.

43  
44 3. The New Jersey Economic Development Authority, in  
45 consultation with the Department of Agriculture, shall adopt,  
46 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
47 (C.52:14B-1 et seq.), rules and regulations necessary to effectuate

1 the purposes of P.L. , c. (C. ) (pending before the  
2 Legislature as this bill).

3  
4 4. This act shall take effect immediately.

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7 STATEMENT

8  
9 This bill would require the New Jersey Economic Development  
10 Authority (“EDA”), in consultation with the Department of  
11 Agriculture, to develop and administer a value-added agricultural  
12 product loan program, to be called the “Value-added Agriculture  
13 Loan Program” and supplementing P.L.1974, c.80 (C.34:1B-1 et  
14 seq.). to help farmers enter into activities directly related to the  
15 processing or marketing of value-added products. Each loan would  
16 be in an amount between \$5,000 and \$10,000. The goal of the  
17 program would be to generate new products, create and expand  
18 marketing opportunities, and increase producer income.

19 Under the bill, a “value-added product” means a change in the  
20 physical state or form of the food or other agricultural product; the  
21 production of food or other agricultural product in a manner that  
22 enhances its value; or the physical segregation of an agricultural  
23 commodity, food, or other agricultural product in a manner that  
24 results in the enhancement of the value of that commodity, food, or  
25 agricultural product.

26 To qualify for a loan under the program, a farmer would have to  
27 meet the following requirements:

- 28 1) the farmer shall be a resident of the State;  
29 2) the farmer shall use the loan for a farm located within the  
30 state of New Jersey;  
31 3) the farmer shall use the loan for planning activities or for  
32 working capital expenses related to producing and marketing a  
33 value-added agricultural product. Planning activities could include  
34 conducting feasibility studies and developing business plans for  
35 processing and marketing the proposed value-added product.  
36 Working capital expenses could include: processing costs,  
37 marketing and advertising expenses, and some inventory and salary  
38 expenses;  
39 4) the farmer shall materially and substantially participate in  
40 farming; and  
41 5) any other criteria established by the authority in rules and  
42 regulations.

43 The bill would require that an EDA-approved loan to a farmer is  
44 made pursuant to a loan agreement with the authority, bears interest  
45 at rates and terms deemed appropriate by the EDA, and contains  
46 other terms and conditions considered appropriate by the EDA that  
47 are consistent with the purposes of the bill and the regulations  
48 adopted by the EDA. The authority could require a farmer that

1 receives a loan under the program to submit an audited financial  
2 statement to the authority in order to ensure the farmer's continued  
3 viability, and may, either by regulation or through the terms of the  
4 loan agreement, establish terms governing the incidence of default  
5 by a farmer that receives a loan under the program. The EDA  
6 would have the authority to participate in programs of the United  
7 States Department of Agriculture Consolidated Farm Service  
8 Agency, Federal Land Bank, or any other federal or State agency in  
9 the administration of this program.

10 The purpose of this bill is to develop and administer a farmer  
11 loan program to facilitate the economic sustainability of  
12 commercial farming. Direct marketing and value-added products  
13 are two of the best strategies farmers can employ to improve net  
14 profitability. Value-added products can open new markets, enhance  
15 the public's appreciation for the farm, and extend the marketing  
16 season.